

Miami Beach Police & Fire DROP Plan
June 30, 2013 and March 31, 2013 Review
ING DROP Mutual Funds

1. ING T. Rowe Price Capital Appreciation (ITCSX) [0.90%]

June 30, 2013

MorningStar Rating: ★★★★★ (out of 789 funds over 3 Years)

Comparative Index: MorningStar Moderate Target Risk

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	2.41%	17.99%	14.69%	8.18%
Policy	-0.54%	11.10%	10.82%	5.64%
Differences	2.95%	6.89%	3.87%	2.54%
Universe	n/a	5	4	2

March 31, 2013

MorningStar Rating: ★★★★★ (out of 802 funds over 3 Years)

Comparative Index: MorningStar Moderate Target Risk

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	7.54%	12.41%	10.92%	7.72%
Policy	5.11%	9.11%	8.85%	5.56%
Differences	2.43%	3.30%	2.07%	2.16%
Universe	n/a	11	8	2

Received an excellent rating from Morningstar. The investment seeks a high total investment return, consistent with the preservation of capital and with prudent investment risk. The fund normally pursues an active asset allocation strategy whereby investments are allocated among equities, debts, and money market instruments. It invests primarily in the common stocks of established U.S. companies the sub-adviser believes to have above-average potential for capital growth. Common stocks typically comprise at least half of the Portfolio. The remaining assets are invested in other securities, including convertibles, warrants, preferred stocks, corporate and government debt, bank loans futures and options.

No change recommended.

www.ingfunds.com

2. American Funds American Mutual (RMFEX) [0.66%]

June 30, 2013

MorningStar Rating: ★★★★★ (out of 935 funds over 5 Years)

Comparative Index: Large Cap. Value i.e. Russell 1000 Value

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	1.70%	17.93%	16.20%	7.39%
Policy	3.20%	25.32%	18.51%	6.67%
Differences	-1.50%	-7.39%	-2.31%	0.72%
Universe	n/a	88	67	25

March 31, 2013

MorningStar Rating: ★★★★★ (out of 1045 funds over 3 Years)

Comparative Index: Large Cap. Value i.e. Russell 1000 Value

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	10.63%	15.60%	12.24%	6.64%
Policy	12.31%	18.77%	12.74%	4.85%
Differences	-1.68%	-3.17%	-0.50%	1.79%
Universe	n/a	37	25	13

Received a good rating from Morningstar. American Funds American Mutual succeeds with a cautious approach. This fund aims to offer a higher yield than the S&P 500 while providing less downside risk. It's a tall order, but thus far the fund's managers have demonstrated they're up to the task. The fund has consistently provided a higher yield than the benchmark, but it won't take undue risks to obtain that yield. The fund predominantly owns high-quality large-cap firms with ample free cash flows and a history of paying dividends. But the fund's toolbox stretches beyond the large-cap stock universe as well. The managers have freedom to hold cash and bonds, and dip into mid-cap territory to buy firms they believe offer sustainable and growing dividends. The managers take a long-term perspective, keeping turnover low and holding stocks for nearly five years on average. The fund's management structure is well-suited for the long haul. Five managers run separate sleeves of the portfolio, in addition to an analyst-run sleeve. The managers share common resources and communicate with one another frequently, though they allocate their sleeves independently. The setup dampens the impact that any one manager can have, but also allows for a smoother transition when a manager departs. In 2012, James Dunton retired after 40 years with the fund. Dunton's departure was a loss, but the remaining managers—who average more than two decades of experience with the firm—were prepared to continue executing the fund's process. The fund's conservative style has provided stability during periods of market turmoil. For example, the fund's 30% decline in 2008 was a painful loss, but the fund still held up better than peers and finished in the large-value category's top decile. Stemming losses in downturns gives this fund a head start over peers when the market rebounds, although the fund won't lead the pack during torrid market rallies. Over longer periods, however, the fund's measured approach has helped it outpace both peers and the benchmark, with less volatility. A bargain expense ratio adds to this fund's appeal.

No change recommended.

www.americanfunds.com

3. MFS Research A (MFRFX) [0.91%]

June 30, 2013

MorningStar Rating:  (out of 1488 funds over 3 Years)

Comparative Index: Large Cap. Core, i.e. S&P500

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	3.20%	22.48%	18.41%	6.96%
Policy	2.91%	20.60%	18.45%	7.01%
Differences	0.29%	1.88%	-0.04%	-0.05%
Universe	n/a	11	19	28

March 31, 2013

MorningStar Rating:  (out of 820 funds over 10 Years)

Comparative Index: Large Cap. Core, i.e. S&P500

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	10.36%	14.28%	12.03%	6.31%
Policy	10.61%	13.96%	12.67%	5.81%
Differences	-0.25%	0.32%	-0.64%	0.50%
Universe	n/a	26	30	18

Average rating from Morningstar, down from 4- to 3 stars. The investment seeks capital appreciation. The fund normally invests its assets in equity securities including common stocks, preferred stocks, securities convertible into stocks, and depositary receipts for those securities. It generally invests its assets in companies of any size, and focuses on companies with large capitalization. The fund may invest its assets in the stocks of companies it believes to have above average earnings growth potential compared to other companies (growth companies), in the stocks of companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies.

No change recommended.

www.mfs.com

4. ING Partners T. Rowe Price Growth Equity (ITGIX) [0.74%]

June 30, 2013

MorningStar Rating:  (out of 1488 funds over 3 Years)

Comparative Index: Large Cap. Growth, i.e. R1000G

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	3.16%	16.68%	18.42%	6.96%
Policy	2.06%	17.07%	18.68%	7.47%
Differences	1.10%	-0.39%	-0.26%	-0.51%
Universe	n/a	54	18	28

March 31, 2013

MorningStar Rating:  (out of 1482 funds over 3 Years)

Comparative Index: Large Cap. Growth, i.e. R1000G

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	7.72%	7.53%	12.40%	6.87%
Policy	9.54%	10.09%	13.06%	7.30%
Differences	-1.82%	-2.56%	-0.66%	-0.43%
Universe	n/a	59	22	24

Good rating from Morningstar. Rob Bartolo is a portfolio manager in the U.S. Equity Division of T. Rowe Price and has been managing assets for the firm since 2005. The investment seeks long-term capital growth, and secondarily, increasing dividend income. The fund normally invests at least 80% of its net assets (plus borrowings for investment purposes) in common stocks. It concentrates its investments in growth companies. The fund may also purchase, to a limited extent, foreign stocks, hybrid securities, futures, and forward foreign currency exchange contracts, in keeping with its objectives. Its investments in foreign securities are limited to 30% of the portfolio's assets. **No change recommended.**

www.ingfunds.com

5. ING VP Index Plus MidCap I (IPMIX) [0.50%]

June 30, 2013

MorningStar Rating:  (out of 341 funds over 3 Years)

Comparative Index: Broad MidCap i.e. S&P400

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	1.53%	24.20%	18.72%	7.25%
Policy	2.21%	25.41%	19.53%	8.28%
Differences	-0.68%	-1.21%	-0.81%	-1.03%
Universe	n/a	62	40	48

March 31, 2013

MorningStar Rating:  (out of 348 funds over 3 Years)

Comparative Index: Broad MidCap i.e. S&P400

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	12.89%	16.49%	13.43%	7.92%
Policy	13.45%	17.83%	15.12%	9.85%
Differences	-0.56%	-1.34%	-1.69%	-1.93%
Universe	n/a	46	44	38

Average rating from Morningstar. This investment seeks to outperform the total return performance of the S&P400 while maintaining a market level of risk. Chris Corapi April, 2012 and Vincent Costa are the Portfolio Managers. This fund invests at least 80% of net assets in securities of mid-capitalization companies included in the index. It may invest in derivative instruments. In managing the portfolio, the Sub-Adviser attempts to achieve the Portfolio's objective by overweighting those stocks in the index that the Sub-Adviser believes will outperform the index, and underweighting (or avoiding altogether) those stocks in the index that the Sub-Adviser believes will underperform the index. **No change recommended.**

www.ingfunds.com

6. ING American Century Small-Mid Cap Value (IASSX) [1.42%]

June 30, 2013

MorningStar Rating:  (out of 176 funds over 10 Years)

Comparative Index: Small Blend i.e. Russell 2000 Value

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	2.83%	24.66%	16.77%	11.47%
Policy	1.65%	27.65%	19.53%	8.87%
Differences	1.18%	-2.99%	-2.76%	2.60%
Universe	n/a	73	70	11

March 31, 2013

MorningStar Rating:  (out of 176 funds over 10 Years)

Comparative Index: Small Blend i.e. Russell 2000 Value

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	11.47%	17.44%	12.28%	10.33%
Policy	14.21%	21.49%	14.96%	8.53%
Differences	-2.74%	-4.05%	-2.68%	1.80%
Universe	n/a	57	56	8

Good rating from Morningstar. This fund seeks long-term capital growth, income is a secondary objective. This portfolio normally invests at least 80% of net assets in equity securities of small-mid-capitalization companies. The sub-adviser defines small-capitalization companies to include those with a market capitalization no larger than that of the largest company in the SP SmallCap 600 Index or the Russell 2000 Index and mid-capitalization companies to include those market capitalization at the time of purchase is within the capitalization range of the Russell 3000 Index, excluding the largest 100 such companies.

No change recommended.

www.ingfunds.com

7. Wanger Small Cap Growth (WUSAX) [0.94%]

June 30, 2013

MorningStar Rating:  (out of 376 funds over 10 Years)

Comparative Index: Small Growth i.e. Russell 2000 Growth

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	0.92%	22.03%	19.56%	8.41%
Policy	3.74%	23.67%	19.97%	8.89%
Differences	-2.82%	-1.64%	-0.41%	-0.48%
Universe	n/a	n/a	n/a	n/a

March 31, 2013

MorningStar Rating:  (out of 376 funds over 10 Years)

Comparative Index: Small Growth i.e. Russell 2000 Growth

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	11.20%	13.82%	14.15%	8.89%
Policy	13.21%	14.52%	14.75%	9.04%
Differences	-2.01%	-0.70%	-0.60%	-0.15%
Universe	n/a	30	45	41

Good rating from Morningstar. The investment seeks long-term capital appreciation. The fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in U.S. companies. It invests a majority of its net assets in the common stock of small- and mid-sized companies with market capitalizations under \$5 billion at the time of investment. The fund may invest in other companies with market capitalizations above \$5 billion, provided that immediately after that investment a majority of its net assets would be invested in companies with market capitalizations under \$5 billion.

No change recommended.

www.columbiafunds.com

8. ING International Value Portfolio I (IIVIX) [0.96%]

June 30, 2013

MorningStar Rating: ★★ (out of 320 funds over 3 Years)

Comparative Index: International Value

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	0.53%	16.86%	7.33%	-2.68%
Policy	-0.74%	18.56%	9.17%	-0.95%
Differences	1.27%	-1.70%	-1.84%	-1.73%
Universe	n/a	51	79	82

March 31, 2013

MorningStar Rating: ★★ (out of 318 funds over 3 Years)

Comparative Index: International Value

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	1.47%	8.50%	1.87%	-3.21%
Policy	3.50%	11.02%	3.45%	-1.70%
Differences	-2.03%	-2.52%	-1.58%	-1.51%
Universe	n/a	52	79	85

Poor rating from Morningstar. The investment seeks long-term capital appreciation. The fund normally invests at least 65% of net assets in equity securities of issuers located in a number of different countries outside of the U.S. It invests primarily in companies with a large market capitalization, but may also invest in mid- and small-sized companies. The fund may invest up to 35% of assets in securities of U.S. issuers, including investment grade government and corporate debt securities. **Still on "Watch" but this quarter was very good.**

www.ingfunds.com

9. Fidelity Variable Insurance Product Investment Grade Bond (FBNDX) [0.45%]

June 30, 2013

MorningStar Rating:  (out of 873 funds over 5 Years)

Comparative Index: Intermediate Term Bond i.e. Barclays Capital Aggregate

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	-2.53%	-0.12%	4.21%	5.96%
Policy	-2.33%	-0.69%	3.51%	5.19%
Differences	-0.20%	0.57%	0.70%	0.77%
Universe	n/a	61	38	47

March 31, 2013

MorningStar Rating:  (out of 877 funds over 5 Years)

Comparative Index: Intermediate Term Bond i.e. Barclays Capital Aggregate

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	0.00%	4.91%	6.19%	6.32%
Policy	-0.12%	3.77%	5.52%	5.47%
Differences	0.12%	1.14%	0.67%	0.85%
Universe	n/a	55	32	44

Received an average rating from Morningstar. Fidelity VIP Investment Grade Bond is a Variable Annuity product in the USA. The Fund's objective is to obtain a high level of current income. The Fund invests at least 80% of assets in investment-grade debt securities of all types and repurchase agreements for those securities. **No change recommended.**

advisor.fidelity.com

10. PIMCO VIT Real Return Portfolio - Administrative Class - 833 (PARRX) [0.72%]

June 30, 2013

MorningStar Rating: ★★★★★ (out of 182 funds over 3 Years)

Comparative Index: Barclays Capital U.S. Treasury TIPS

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	-8.44%	-5.06%	4.55%	4.90%
Policy	-7.05%	-4.78%	4.63%	4.41%
Differences	-1.39%	-0.28%	-0.08%	0.49%
Universe	n/a	59	11	3

March 31, 2013

MorningStar Rating: ★★★★★ (out of 179 funds over 3 Years)

Comparative Index: Barclays Capital U.S. Treasury TIPS

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	0.31%	7.65%	9.11%	6.70%
Policy	-0.36%	5.68%	8.57%	5.89%
Differences	0.67%	1.97%	0.54%	0.81%
Universe	n/a	4	4	2

Good rating from Morningstar, down from 5- to 4 stars. The investment seeks maximum real return, consistent with preservation of capital and prudent investment management. The fund normally invests at least 80% of its net assets in inflation-indexed bonds of varying maturities issued by the U.S. and non-U.S. governments, their agencies or instrumentalities, and corporations, which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. It invests primarily in investment grade securities, but may invest up to 10% of its real assets in high yield securities ("junk bonds") rated B or higher. The fund is non-diversified. **No change recommended.**

11. ING J.P. Morgan Emerging Markets (IJPIX) [1.51%]

June 30, 2013

MorningStar Rating:  (out of 366 funds over 3 Years)

Comparative Index: MSCI EM NR USD

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	-7.50%	3.18%	4.26%	0.63%
Policy	-8.08%	2.87%	3.38%	-0.43%
Differences	0.58%	0.31%	0.88%	1.06%
Universe	n/a	50	46	22

March 31, 2013

MorningStar Rating:  (out of 356 funds over 3 Years)

Comparative Index: MSCI EM NR USD

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	-1.39%	2.59%	3.41%	1.76%
Policy	-1.62%	1.96%	3.27%	1.09%
Differences	0.23%	0.63%	0.14%	0.67%
Universe	n/a	52	50	24

Average rating from Morningstar. The investment seeks capital appreciation. The fund invests at least 80% of its assets in the equity securities of issuers located in at least three countries with emerging securities markets. It may also invest to a lesser extent in debt securities of issuers in countries with emerging markets. The fund may overweight or underweight countries relative to its benchmark, the MSCI Emerging Markets Index. It emphasizes securities that are ranked as undervalued, while underweighting or avoiding securities that appear overvalued. The fund typically maintains full currency exposure to those markets in which it invests.
No change recommended.

www.ingfunds.com

12. ING Global Resources (IGRSX) [0.90%]

June 30, 2013

MorningStar Rating:  (out of 126 funds over 3 Years)

Comparative Index: GS Natural Resources

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	-5.13%	6.30%	6.54%	-5.29%
Policy	-4.95%	10.63%	9.64%	-2.19%
Differences	-0.18%	-4.33%	-3.10%	-3.10%
Universe	n/a	37	43	31

March 31, 2013

MorningStar Rating:  (out of 118 funds over 3 Years)

Comparative Index: GS Natural Resources

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	4.17%	-1.09%	3.34%	-1.15%
Policy	7.18%	5.08%	7.75%	0.87%
Differences	-3.01%	-6.17%	-4.41%	-2.02%
Universe	n/a	57	39	35

Average rating from Morningstar. The investment seeks long-term capital appreciation. The fund normally invests at least 80% of its net assets (plus borrowings for investment purposes) in the equity securities of companies in the natural resources industries located in a number of different countries, one of which may be the United States. It also may invest in securities issued by companies that are not in natural resources industries, investment-grade corporate debt, and repurchase agreements. The fund may invest without limit in securities of foreign issuers, including emerging markets. It is non-diversified.

No change recommended.

www.ingfunds.com

13. ING Clarion Real Estate (IVRSX) [1.10%]

June 30, 2013

MorningStar Rating:  (out of 131 funds over 10 Years)

Comparative Index: DJ US Select REIT TR US

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	-1.49%	6.70%	17.35%	8.17%
Policy	-1.29%	7.69%	18.08%	6.97%
Differences	-0.20%	-0.99%	-0.73%	1.20%
Universe	n/a	65	32	18

March 31, 2013

MorningStar Rating:  (out of 130 funds over 10 Years)

Comparative Index: DJ US Select REIT TR US

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	6.63%	11.50%	16.46%	6.77%
Policy	7.04%	13.19%	16.94%	6.07%
Differences	-0.41%	-1.69%	-0.48%	0.70%
Universe	n/a	76	32	31

Good rating from Morningstar. The investment seeks capital appreciation and current income. The fund invests at least 80% of net assets (plus borrowings for investment purposes) in common and preferred stocks of U.S. real estate investment trusts and real estate companies. This portion of the portfolio will have investments located in a number of different countries located throughout the world, including the United States. It may invest in companies of any market capitalization; however, it will generally not invest in companies with market capitalization of less than \$100 million at the time of purchase. The fund is non-diversified.
No change recommended.

www.ingfunds.com

14. ING Fixed Account 457/401

June 30, 2013

MorningStar Rating: N/A

Comparative Index: Available Through an annuity contract or group funding agreement issued by ING Life Insurance and Annuity Company.

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	0.74%	3.00%	3.00%	3.04%

March 31, 2013

MorningStar Rating: N/A

Comparative Index: Available Through an annuity contract or group funding agreement issued by ING Life Insurance and Annuity Company.

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	0.75%	3.00%	3.00%	3.08%

Stability of principal is the primary objective of this investment option. This fixed account guarantees minimum rates of interest and may credit interest that exceeds the minimum guaranteed rate. The account guarantees principal and a minimum guaranteed interest rate for the life of the contract, as well as featuring two declared interest rates: a current rate, determined at least monthly, and a guaranteed minimum floor rate declared for a defined period- currently one calendar year. The guaranteed minimum floor rate may change after the defined period, but it will never be lower than the minimum guaranteed interest rate.

15. ING VP Money Market Portfolio

June 30, 2013

MorningStar Rating:

Comparative Index: Money Fund Report Averages

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	0.02%	0.03%	0.03%	0.33%

March 31, 2013

MorningStar Rating:

Comparative Index: Money Fund Report Averages

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	0.00%	0.03%	0.02%	0.46%

Invests in a diversified portfolio of high quality, US dollar denominated short-term debt securities that are determined to present minimal credit risks.

Fees (expense ratios) are below.

<u>Fund Name (Ticker Symbol)</u>	<u>Expense Ratio</u>
ING T. Rowe Price Capital Appreciation (ITCSX)	0.90%
American Funds American Mutual (RMFEX)	0.66%
MFS Research A (MFRFX)	0.91%
ING Partners T. Rowe Price Growth Equity (ITGIX)	0.74%
ING VP Index Plus Midcap I (IPMIX)	0.50%
ING American Century Small-Mid Cap (IASSX)	1.46%
Wanger Small Cap Growth (WUSAX)	0.94%
ING International Value Port I (IIVIX)	0.96%
Fidelity Variable Ins. Product Inv. Grade Bond	0.45%
PIMCO Real Return Administrative Class	0.72%
ING J.P. Morgan Emerging Markets (IJPIX)	1.51%
ING Global Resources (IGRSX)	0.90%
ING Clarion Real Estate (IVRSX)	1.10%
ING Fixed Account 457/401	
ING VP Money Market Portfolio	